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THE HAMILTON HARBOUR COMMISSIONERS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1979

MacGillivray & Co.
Chartered Accountants

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THE HAMILTON HARBOUR COMMISSIONERS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1979

MacGILLIVRAY & Co.
CHARTERED ACCOUNTANTS
HAMILTON
ONTARIO

AUDITORS' REPORT

We have examined the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1979 and the statements of revenue and expenses, general capital and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Hamilton Harbour Commissioners as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

February 27, 1980.

MacGillivray & Co.
CHARTERED ACCOUNTANTS.

EXHIBIT "A"

THE HAMILTON HARBOUR COMMISSIONERS
BALANCE SHEET
AS AT DECEMBER 31, 1979
(with comparative figures for 1978)

A S S E T S

	1979	1978
CURRENT		
Cash	\$ 240,783	\$ 101,397
Accounts receivable	935,858	933,863
Accrued interest receivable	76,809	52,382
Inventory	48,982	45,025
Prepaid expenses	27,890	40,554
	<u>1,330,322</u>	<u>1,173,221</u>
INVESTMENTS APPROPRIATED FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	<u>3,000,000</u>	<u>2,800,000</u>
DEFERRED ACCOUNTS RECEIVABLE	<u>5,507</u>	<u>27,231</u>
FIXED		
Land, docks and harbour improvements	17,962,997	17,889,774
Buildings	5,736,917	5,736,917
Equipment and vessels	2,630,435	2,389,312
	<u>26,330,349</u>	<u>26,016,003</u>
Less accumulated depreciation	11,432,987	10,779,115
	<u>14,897,362</u>	<u>15,236,888</u>
CAPITAL DEVELOPMENT IN PROGRESS (note 3)	<u>3,337,146</u>	<u>2,632,078</u>
	<u>18,234,508</u>	<u>17,868,966</u>
	<u>\$ 22,570,337</u>	<u>\$ 21,869,418</u>

THE HAMILTON HARBOUR COMMISSIONERS
BALANCE SHEET
AS AT DECEMBER 31, 1979
(with comparative figures for 1978)

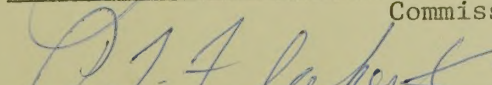
L I A B I L I T I E S

	1979	1978
CURRENT		
Accounts payable and accrued liabilities	\$ 391,988	\$ 318,405
Current portion of long-term debt	162,507	156,242
	<u>554,495</u>	<u>474,647</u>
LONG-TERM (note 4)		
Debentures payable -		
Government of Canada, 4-1/8%, to be redeemed before the year 2005	1,025,000	1,075,000
Loan payable -		
Government of Canada, due December 31, 1987, semi-annual instalments of blended principal and interest at 5-9/16%	506,328	559,431
at 6-1/16%	517,875	571,014
	<u>2,049,203</u>	<u>2,205,445</u>
Less current portion shown above	162,507	156,242
	<u>1,886,696</u>	<u>2,049,203</u>
	<u>2,441,191</u>	<u>2,523,850</u>
C A P I T A L		
GENERAL CAPITAL	17,129,146	16,545,568
ALLOCATION FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	3,000,000	2,800,000
	<u>20,129,146</u>	<u>19,345,568</u>
	<u>\$ 22,570,337</u>	<u>\$ 21,869,418</u>

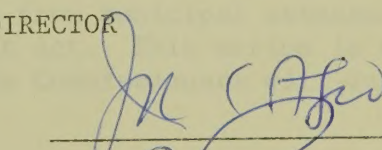
APPROVED BY THE COMMISSIONERS AND PORT DIRECTOR



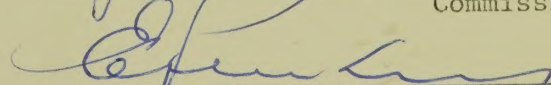
Commissioner



Commissioner



Commissioner



Port Director

THE HAMILTON HARBOUR COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1979

1. ACCOUNTING POLICIES

(a) Pensions -

The unfunded obligation for pensions based upon an actuarial evaluation carried out in 1977, was estimated at \$ 71,888. This obligation is being paid by instalments over a five year period and is charged to operations when paid. This liability has been reduced at December 31, 1979 to \$ 19,988.

(b) Fixed Assets and Depreciation -

Fixed assets are recorded at acquisition cost.
Depreciation is provided on a straight-line basis at the following rates:

Docks and improvements	-	2%, 5%, 10%, 20%
Buildings	-	2-1/2%, 5%, 10%, 20%
Vessels and equipment	-	10%, 15%, 20%

(c) Inventory -

Inventory is recorded at actual cost.

(d) Grant Recognition -

Capital grants are recorded, when received, as an increase in General Capital.

2. CONTINGENT LIABILITIES

A legal action has been instituted against the Commissioners by Samuel and Sheridan Lax in the total amount of \$ 35,000,000. This action is being defended. It is not possible to determine whether the Commissioners will incur any future liability as a result of this suit.

The City of Hamilton has challenged in the courts the exemption of Hamilton Harbour Commissioners' properties from municipal assessment and taxation, as provided for in the Assessment Act. This action is being defended. It is not possible to determine whether the Commissioners will incur any future liability as a result of this suit.

3. APPROPRIATION FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners appropriated a further \$ 200,000 of general capital for future harbour improvements, resulting in a total reserve of \$ 3,000,000 for this purpose. These funds are intended for the development of piers 12/13 and 25/27.

This fund consists of bank deposit receipts in the amount of \$ 3,000,000.

4. LONG-TERM DEBT

The aggregate amount of repayments due within the next five years is as follows:

1980	-	\$ 162,507
1981	-	\$ 169,143
1982	-	\$ 176,171
1983	-	\$ 183,613
1984	-	\$ 191,496

5. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 1978 inspection salaries and wages of \$ 25,018 relating to inspection of the development of piers 12/13 and 25/27 were included in administrative engineering expenses. A retroactive change has been made to charge these costs to capital development in progress and the comparative figures for 1978 have been adjusted accordingly.

6. SUBSEQUENT EVENT

Subsequent to balance sheet date the Commissioners entered into an arrangement with the federal government for the development of piers 12/13. The government will assist in the financing of these piers through a capital grant equal to 25% of the cost of the project and a further loan equal to 25% of the cost which will be interest free during the construction phase.

The estimated total cost of the development is \$ 7,400,000 of which \$ 1,632,000 had been expended by December 31, 1979.

THE HAMILTON HARBOUR COMMISSIONERS
STATEMENT OF GENERAL CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1979
(with comparative figures for 1978)

	1979	1978
GENERAL CAPITAL - BEGINNING OF YEAR		
As previously reported	\$ 16,520,550	\$ 15,907,521
Adjustment of prior years' expenses (note 5)	25,018	-
As restated	16,545,568	15,907,521
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	783,578	151,104
	17,329,146	16,058,625
GRANTS RECEIVED DURING THE YEAR		
Government of Canada	-	474,102
Other	-	12,841
	-	486,943
	-	16,545,568
APPROPRIATION FOR FUTURE HARBOUR IMPROVEMENTS (note 3)	200,000	-
GENERAL CAPITAL - END OF YEAR	\$ 17,129,146	\$ 16,545,568

THE HAMILTON HARBOUR COMMISSIONERS
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1979
(with comparative figures for 1978)

	1979		1978	
REVENUE				
Harbour operations -				
Cargo rates	\$ 931,162		\$ 749,377	
Other income	8,524	\$ 939,686	13,383	\$ 762,760
Terminals -				
Warehousing and handling	1,563,188		1,016,485	
Equipment	165,333		148,555	
Other income	4,785	1,733,306	8,324	1,173,364
Rental income -				
Piers and property	972,166		943,072	
Buildings	204,661		212,536	
Rights of way	63,002		64,967	
Side wharfage	73,926	1,313,755	69,324	1,289,899
Marine dockyard		550,557		598,941
Sundry income -				
Recovery of prior years' expenses	4,219		-	
Profit on fixed asset disposals	17,233		1,149	
Interest on deposit receipts	308,753		242,036	
Interest on savings	12,760		10,664	
Other income and interest	170,168	513,133	140,299	394,148
TOTAL REVENUE, carried forward		5,050,437		4,219,112

	1979	1978
TOTAL REVENUE, brought forward	\$ 5,050,437	\$ 4,219,112
OPERATING EXPENSES		
Harbour operations -		
Policing, harbour control and marine safety	\$ 618,266	\$ 579,223
Vessels operations	15,665	16,307
	633,931	595,530
Terminals -		
Salaries and wages	669,367	592,909
Equipment operating expenses	133,669	127,008
Other operating expenses	119,226	126,070
	922,262	845,987
Rental expenses -		
Salaries and wages	87,029	82,097
Realty taxes	51,143	69,013
Other operating expenses	142,621	159,368
	280,793	310,478
Marine dockyard -		
Salaries and wages	256,293	254,975
Materials and gasoline	103,532	93,637
Other operating expenses	29,706	67,410
	389,531	416,022
	2,226,517	2,168,017
Depreciation of docks, buildings and equipment	734,435	732,603
TOTAL OPERATING EXPENSES	2,960,952	2,900,620
GROSS OPERATING MARGIN, carried forward	2,089,485	1,318,492

	1979	1978
GROSS OPERATING MARGIN, brought forward	\$ 2,089,485	\$ 1,318,492
ADMINISTRATIVE, OFFICE AND GENERAL EXPENSES		
Commissioners' remuneration	\$ 18,000	\$ 18,000
Management and office salaries	263,091	246,390
Office expenses and car allowances	60,930	52,939
Workmen's compensation and unemployment insurance	45,461	57,658
Contributions to employees' pension, group and medical plans	366,384	251,705
Professional fees	29,862	126,536
Trade development and public relations	101,141	73,772
Engineering department	96,579	75,279
Fire and general insurance	121,779	112,559
General expenses	4,235	4,050
Travelling expenses	39,246	13,902
Interest on debentures	43,828	45,891
Interest on long-term loan	64,214	70,130
Bad debt expense	10,825	2,555
Sailing programme (net)	40,332	16,022
	1,305,907	1,167,388
EXCESS OF REVENUE OVER EXPENSES	\$ 783,578	\$ 151,104

THE HAMILTON HARBOUR COMMISSIONERS
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1979
(with comparative figures for 1978)

	<u>1979</u>	<u>1978</u>
WORKING CAPITAL PROVIDED		
Excess of revenue over expenses for the year before extraordinary item	\$ 783,578	\$ 151,104
Items not affecting working capital in the current year -		
Depreciation	734,435	732,603
Net profit on fixed asset disposals	(17,233)	(1,149)
Total working capital provided from operations	1,500,780	882,558
Proceeds from disposal of fixed assets	18,275	1,149
Decrease in deferred accounts receivable	21,724	24,960
Grants received during year	-	486,943
	<u>1,540,779</u>	<u>1,395,610</u>
WORKING CAPITAL APPLIED		
Purchases of fixed assets, per Schedule #1	1,101,019	1,394,385
Reduction of long-term liabilities	162,507	156,242
Increase in investments appropriated for future harbour improvements	200,000	-
	<u>1,463,526</u>	<u>1,550,627</u>
INCREASE (DECREASE) IN WORKING CAPITAL	77,253 (	155,017)
WORKING CAPITAL AT BEGINNING OF YEAR	698,574	853,591
WORKING CAPITAL AT END OF YEAR	<u>\$ 775,827</u>	<u>\$ 698,574</u>

SCHEDULE #1

THE HAMILTON HARBOUR COMMISSIONERS
FIXED ASSETS AND DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 1979

FIXED ASSETS	Cost at <u>Dec.31/78</u>	<u>Additions</u>
LAND, DOCKS AND HARBOUR IMPROVEMENTS		
Harbour land	\$ 927,637	\$ 61,366
Harbour waterways -		
Harbour channels	894,126	-
Harbour real estate -		
Water lots	13,043	-
Water lots	1	-
Sand deposits	1	-
Park area, police basin	17,118	-
Wharves, piers and floats -	30,163	-
Pier #8, Centennial	1,710,693	-
Pier #10, Wellington Street	3,122,820	-
Pier #11, Victoria Avenue	1,350,148	-
Pier #12, Emerald Street	2,518,340	-
Pier #13, Wentworth Street	40,431	-
Pier #14, Ship Street	1,855,491	-
Pier #23, Strathearne Avenue	2,993,004	-
Pier #24, Strathearne Avenue	944,866	-
Pier #25, Bayside	1	-
Pier #26, Bayside	1	-
Pier #27, Bayside	1	-
Pier #28, Bayside	1	-
Other wharves and marinas	836,607	10,534
	15,372,404	10,534
Equipment - wharves, piers and floats	100,054	-
Railway system tracks	209,410	-
Roads, parking lots and paved areas	293,689	-
Fences	41,435	1,323
Improvements - sewers	20,856	-
TOTAL OF LAND, DOCKS AND IMPROVEMENTS	\$ 17,889,774	\$ 73,223
CAPITAL DEVELOPMENTS IN PROGRESS		
Pier 25/27	\$ 1,611,027	\$ 94,038
Pier 12/13	1,021,051	611,030
TOTAL OF CAPITAL DEVELOPMENTS IN PROGRESS	\$ 2,632,078	\$ 705,068

THE HAMILTON HARBOUR COMMISSIONERS
FIXED ASSETS AND DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 1979

<u>Deductions</u>	<u>Cost at Dec.31/79</u>	<u>Accumulated Dep'n at Dec.31/78</u>	<u>Dep'n 1979</u>	<u>Reduction 1979</u>	<u>Accumulated Dep'n at Dec.31/79</u>
\$ -	\$ 989,003	\$ -	\$ -	\$ -	\$ -
-	894,126	-	-	-	-
-	13,043	-	-	-	-
-	1	-	-	-	-
-	1	-	-	-	-
-	17,118	-	-	-	-
-	30,163	-	-	-	-
-	1,710,693	436,869	34,214	-	471,083
-	3,122,820	834,209	62,456	-	896,665
-	1,350,148	353,793	27,003	-	380,796
-	2,518,340	674,868	50,367	-	725,235
-	40,431	9,501	809	-	10,310
-	1,855,491	497,192	37,110	-	534,302
-	2,993,004	800,496	59,860	-	860,356
-	944,866	225,646	18,897	-	244,543
-	1	-	-	-	-
-	1	-	-	-	-
-	1	-	-	-	-
-	1	-	-	-	-
-	847,141	433,307	46,657	-	479,964
-	15,382,938	4,265,881	337,373	-	4,603,254
-	100,054	66,947	8,615	-	75,562
-	209,410	144,937	4,075	-	149,012
-	293,689	284,194	4,393	-	288,587
-	42,758	36,457	1,703	-	38,160
-	20,856	6,215	1,042	-	7,257
\$ -	\$ 17,962,997	\$ 4,804,631	\$ 357,201	\$ -	\$ 5,161,832
\$ -	\$ 1,705,065	\$ -	\$ -	\$ -	\$ -
-	1,632,081	-	-	-	-
\$ -	\$ 3,337,146	\$ -	\$ -	\$ -	\$ -

FIXED ASSETS	Cost at <u>Dec.31/78</u>	<u>Additions</u>
BUILDINGS		
Permanent sheds -		
Wellington Street sheds #1 and #2	\$ 296,813	\$ -
Wellington Street sheds #3 and #4	207,562	-
Wellington Street shed #8	896,617	-
Centennial Terminal #7	68,079	-
Centennial Terminal #5	336,191	-
Centennial Terminal #6	437,180	-
C.S.L. Terminal - Pier #24	1,174,564	-
Air supported building	208,187	-
	<u>3,625,193</u>	<u>-</u>
Other harbour buildings -		
Administration building	1,052,607	-
Wellington Street office building	280,160	-
Marine garage	93,929	-
Aids to navigation building	16,528	-
Wentworth Street office building	50,610	-
Harbour shops	172,700	-
Brewery building	340,297	-
Other buildings	52,304	-
Building improvements	52,589	-
	<u>2,111,724</u>	<u>-</u>
TOTAL BUILDINGS	<u>\$ 5,736,917</u>	<u>\$ -</u>

<u>Deductions</u>	<u>Cost at Dec.31/79</u>	<u>Accumulated Dep'n at Dec.31/78</u>	<u>Dep'n 1979</u>	<u>Reduction 1979</u>	<u>Accumulated Dep'n at Dec.31/79</u>
\$ -	\$ 296,813	\$ 182,676	\$ 6,901	\$ -	\$ 189,577
-	207,562	207,014	39	-	207,053
-	896,617	896,616	-	-	896,616
-	68,079	68,078	-	-	68,078
-	336,191	236,084	16,810	-	252,894
-	437,180	335,512	21,859	-	357,371
-	1,174,564	709,002	58,728	-	767,730
-	208,187	123,142	20,819	-	143,961
-	3,625,913	2,758,124	125,156	-	2,883,280
-	1,052,607	656,426	28,105	-	684,531
-	280,160	265,609	14,008	-	279,617
-	93,929	89,506	486	-	89,992
-	16,528	16,528	-	-	16,528
-	50,610	29,837	2,530	-	32,367
-	172,700	165,206	552	-	165,758
-	340,297	119,313	17,015	-	136,328
-	52,304	22,627	4,654	-	27,281
-	52,589	21,036	10,518	-	31,554
-	2,111,724	1,386,088	77,868	-	1,463,956
\$ -	\$ 5,736,917	\$ 4,144,212	\$ 203,024	\$ -	\$ 4,347,236

FIXED ASSETS	Cost at Dec.31/78	Additions
VESSELS		
Derrick Barge, Cargo Master	\$ 254,447	\$ -
Ice patrol boat	5,820	-
Patrol boat #5	16,117	-
Pilot boat Judge McCombs	19,354	-
Cruiser Seaport	41,985	-
Boston Whaler - Revenge	7,110	-
Sailing programme	37,338	7,030
Boston Whaler - Outrage	13,514	-
Air Scoot	12,394	2,705
	408,079	9,735
EQUIPMENT	58,024	3,564
TOTAL OF VESSELS	\$ 466,103	\$ 13,299
EQUIPMENT		
Harbour	\$ 32,917	\$ -
Operational	1,492,803	276,241
Sheds	219,016	-
Other buildings	28,887	-
Offices	76,690	12,051
Automotive	38,608	19,258
Miscellaneous	34,288	1,879
TOTAL EQUIPMENT	\$ 1,923,209	\$ 309,429
TOTAL OF VESSELS AND EQUIPMENT	\$ 2,389,312	\$ 322,728
TOTAL ALL FIXED ASSETS	\$ 28,648,081	\$ 1,101,019

<u>Deductions</u>	<u>Cost at Dec.31/79</u>	<u>Accumulated Dep'n at Dec.31/78</u>	<u>Dep'n 1979</u>	<u>Reduction 1979</u>	<u>Accumulated Dep'n at Dec.31/79</u>
\$ -	\$ 254,447	\$ 254,447	\$ -	\$ -	\$ 254,447
-	5,820	5,820	-	-	5,820
-	16,117	16,117	-	-	16,117
-	19,354	19,343	11	-	19,354
-	41,985	41,985	-	-	41,985
-	7,110	2,844	711	-	3,555
1,490	42,878	10,144	4,288	447	13,985
-	13,514	4,053	1,351	-	5,404
-	15,099	1,132	1,132	-	2,264
1,490	416,324	355,885	7,493	447	362,931
-	61,588	45,551	2,646	-	48,197
\$ 1,490	\$ 477,912	\$ 401,436	\$ 10,139	\$ 447	\$ 411,128
\$ -	\$ 32,917	\$ 25,626	\$ 1,007	\$ -	\$ 26,633
74,417	1,694,627	1,090,455	126,963	74,417	1,143,001
-	219,016	169,665	18,175	-	187,840
-	28,887	26,432	572	-	27,004
-	88,741	66,001	7,567	-	73,568
5,698	52,168	29,627	6,055	5,698	29,984
-	36,167	21,029	3,732	-	24,761
\$ 80,115	\$ 2,152,523	\$ 1,428,835	\$ 164,071	\$ 80,115	\$ 1,512,791
\$ 81,605	\$ 2,630,435	\$ 1,830,271	\$ 174,210	\$ 80,562	\$ 1,923,919
\$ 81,605	\$ 29,667,495	\$ 10,779,114	\$ 734,435	\$ 80,562	\$ 11,432,987

HAMILTON PUBLIC LIBRARY



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